

CITY NATIONAL BANK

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Neil S. Martin

Senior Counsel
Legal Department

March 12, 2004

VIA FACSIMILE TRANSMISSION to 202-452-3819

Original Will Not Follow

Ms. Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th and Constitution Avenue, N.W.
Washington, D.C. 20551

Reference: Docket Number R-1176

Dear **Ms. Johnson**:

City National Bank is pleased to respond to the request for comments on the proposed amendments to Regulation CC that would implement the Check 21 Act and clarify ~~some~~ existing provisions of Regulation CC and its Commentary. City National Bank is the largest bank headquartered in southern California and one of the hundred largest banks in the country.

As a member of The Clearing House we join in and support the comments submitted by that organization. We also support the comments submitted by the financial services industry organizations and technology companies dated March 11, 2004,

By this letter we wish simply to emphasize our belief that the "generally applicable industry standards" should be identified in the Commentary and urge the Board to use this approach. We agree that as industry standards change the Commentary can then be amended to reflect the current standards. We believe that uniform standards will assist when some existing fraud detection check features are no longer available in a substitute check.

We also wish to emphasize our belief that the remotely-created demand drafts warranties should apply to all demand drafts and not just demand drafts drawn on consumer accounts. There is no logical basis for distinguishing between customers who are consumers and customers who are not consumers with respect to demand drafts. To create such a distinction is very difficult to administer and will unfairly place the risk of loss on the drawee banks. We urge the adoption of the "California option."

Thank you for your consideration.

Very truly,

NBM:gb